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UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF WASHINGTON

In Re:  
KAMIAK VINEYARDS INC.,  
Debtor.  
Case No. 20-02003-WLH11  
DECLARATION OF JEFFREY J. GORDON  
IN SUPPORT OF MOTION TO USE CASH  
COLLATERAL AND MOTION TO  
SHORTEN TIME FOR NOTICE AND  
OBJECTION TO DEBTOR'S MOTION TO  
USE CASH COLLATERAL

I, Jeffrey J. Gordon, do hereby declare under penalty of perjury of the laws of the State of Washington that the following is true and correct:

1. I am over the age of eighteen (18) and make this Declaration based upon my first-hand knowledge. I would be competent to testify to the matters described herein in a Court of Law.

2. I am the President of Debtor, Kamiak Vineyards Inc. ("Kamiak").

3. Kamiak is a farming operation in and around Pasco, Washington. Kamiak filed a Chapter 11 bankruptcy proceeding on November 6, 2020, in the Eastern District of Washington, case number 20-02003-WLH11. I am the President of Kamiak and my wife, Vicki Gordon, is the Secretary. We are also its sole shareholders. Together Vicki and I are personally liable on all debts of Kamiak.

DECLARATION OF JEFFREY J. GORDON IN  
SUPPORT OF MOTION TO USE CASH  
COLLATERAL - 1

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1       4. I continue to operate our farming operation pursuant to 11 U.S.C. § 1203.

2       5. Our headquarters and principal place of business is located at 531 Levey Road,  
3 Pasco, Washington.

4       6. As of November 2020, Kamiak employs approximately 6 people.

5       7. Kamiak does not have a post-petition line of credit or other operating financing  
6 to pay expenses. It utilizes cash flow to pay expenses.

7       8. The urgency for filing the debtor's Chapter 11 bankruptcy proceeding and its  
8 request for use of cash collateral on an emergency basis was necessitated by the entry of a  
9 Judgment in favor of BEW in Franklin County Superior Court on October 30, 2020, and the  
10 subsequent garnishment of Debtor's bank accounts.

11      9. The cash collateral which Kamiak seeks to use pursuant to this motion  
12 constitutes existing bank accounts, accounts receivable, as well as any future income generated  
13 from Kamiak's operations.

14      10. Kamiak has outstanding immediate payroll obligation of \$6,455.86 plus payroll  
15 tax of \$1,568.54 for payroll from November 4, 2020. This payroll remains unpaid because  
16 Kamiak's accounts were frozen pursuant to garnishment by the Bank of Eastern Washington  
17 ("BEW"). Kamiak's next payroll is due to be paid on November 18, 2020, in the approximate  
18 amount of \$7,000. Because BEW has frozen Kamiak's bank accounts with its writ of  
19 garnishment, necessitating this bankruptcy, Debtor finds itself in the immediate need for use of  
20 cash collateral so, among other things, it can pay the wages currently owing and make payroll  
21 beginning November 18, 2020.

22      11. Given the nature of the business, equipment failure is a serious concern. It is  
23 imperative that if equipment were to fail, that I be able to quickly access additional cash  
24 collateral to make emergency repairs. I therefore request that the court order a provision in the  
25 emergency cash collateral order and subsequent cash collateral orders to state that upon 24

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hours' notice via phone call to secured creditor's attorney and absent objection, without further order of the court, I may exceed a budgeted line item in the cash collateral budget, along with the variance afforded by any cash collateral order, in order to address expenditures arising from major equipment breakdown or other emergency expenditures, which, absent immediate use of cash collateral to pay for repairs, would negatively impact business operations.

6       12. Kamiak's operating expenses and anticipated revenue for November 2020  
7 through April 2021, is set forth in the Budget attached hereto as Exhibit A. Of that, Kamiak  
8 requires the urgent use of approximately \$6,455.86 to pay wages owing (including payroll tax)  
9 for November 4, 2020; future payroll of approximately \$7,000 on November 18, 2020 and every  
10 bi-weekly pay period thereafter (total of approximately \$90,456.00 for all past and future wages  
11 through April 30, 2021); insider compensation of approximately \$18,000 per month; plus  
12 approximately \$398,075.00 through April 30, 2021. The total cash collateral requested for the  
13 6-month period through April 30, 2020 is approximately \$506,528.00, plus any adequate  
14 protection payments approved by the court.

15 I declare under penalty of perjury under the laws of the State of Washington that the  
16 foregoing is true and correct.

DATED THIS 9<sup>th</sup> day of November 2020, at Kennettville, Washington.

  
JEFFREY J. GORDON

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# EXHIBIT A

Kamiak Vineyards, Inc.

November 2020 through April 2021 Cash Flow Budget

**REVENUE**

<u>Revenue Source</u>	11	12	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	Total Budget
	Nov-20							
2020 Grape Sales	47,959	26,867					6,103	80,929
2020 Hay Sales		42,720						42,720
Gordon Grape Payments				77,000	75,000	112,000		264,000
Crop Insurance Claims		44,000						44,000
<b>Income</b>	<b>47,959</b>	<b>113,587</b>	<b>0</b>	<b>77,000</b>	<b>75,000</b>	<b>118,103</b>	<b>431,649</b>	

**EXPENSES**

<u>Op'g EXPENSES</u>	11	12	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	TOTAL BUDGET
	Nov-20							
Labor	10,350	10,350	10,350	10,350	10,350	10,350	10,350	62,100
Nelson Wages/Payments	14,000	14,000	14,000	14,000	14,000	14,000	14,000	84,000
Gordon Payments	4,000	4,000	4,000	4,000	4,000	4,000	4,000	24,000
Contract/Seasonal Labor			10,000	11,350	14,800	18,100		54,250
Chemicals	1,500				3,500	14,000	19,000	
Fertilizer				11,000		7,500	18,500	
Pollination Costs							0	
Fuel & Lubrication	2,000	1,000	2,000	3,000	3,000	4,000	4,000	15,000
Irrigation Power					2,000	2,500	4,500	
Utilities	2,300	2,300	2,300	2,300	2,300	2,300	2,300	13,800
Repairs/Maintenance	3,200	2,500	4,000	4,000	4,000	4,000	4,000	21,700
Supplies	500	500	500	500	2,000	9,300	9,300	13,300
Office Supplies	100	100	1,000	300	300	300	300	2,100
Equipment Rental	2,200	200	200	200	200	2,600	2,600	5,600
Misc	300	300	300	300	300	300	300	1,800
Admin	1,500	1,500	7,000	3,000	3,000	3,000	3,000	19,000

Custom Hire		6,000		79,206			
I-Max Rent						6,000	
Interest Other	150	150	150	150	150	79,206	
Insurance MPCI & WFRP						0	
Payroll Taxes	2,922	2,922	2,922	2,922	2,922	17,532	
RE Taxes						18,000	
Advertising/Promotion						1,500	
Contributions/Donation		800	200	200	200	3,000	
Farm Insurance (TLW)	1,964	1,964	1,964	1,964	1,964	1,400	
Leased land		1,020				1,020	
Plant/Soil Analysis						3,000	
Crop Assessment		6,036				6,036	
<i>Ttl Op'g Exp's</i>	46,986	48,842	78,486	138,742	71,486	121,986	506,528

Beginning Cash Balance	75,403	76,376	141,121	62,635	893	4,407	
Monthly CASH FLOW	973	64,745	(78,486)	(61,742)	3,514	(3,884)	
Cumulative Cash Flow	76,376	141,121	62,635	893	4,407	524	